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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

B- 42857

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05

MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: BBVA Securities Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1345 Avenue of the Americas, 45th Floor

(No. and Street)

New York New York 10105

(City) (State) (Zip Code)

OFFICIAL USE ONLY

FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ignacio Garijo-Garde (212) 728-2394

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Pricewaterhouse Coopers LLP

(Name - if individual, state last, first, middle name)

300 Madison Avenue New York New York

(Address) (City) (State) (Zip Code)

MAY 25 2006

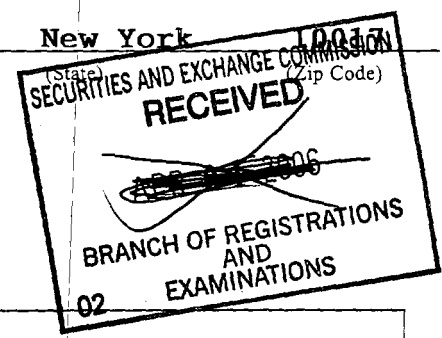
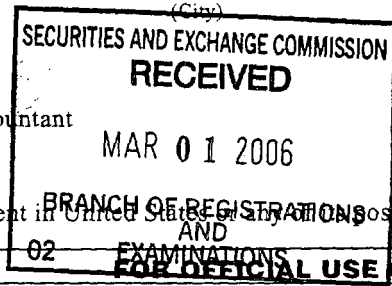
THOMSON FINANCIAL

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any U.S. possessions.



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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

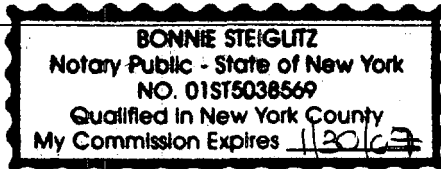
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OATH OR AFFIRMATION

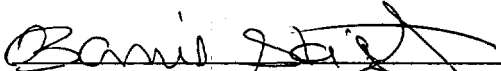
I, Ignacio Garijo-Garde, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BBVA Securities Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A




Signature

Chief Operating Officer
Title


Notary Public

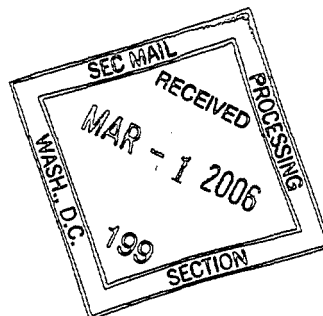
This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

BBVA SECURITIES INC.

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005



BBVA Securities Inc.
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December 31, 2005

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This report contains:

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Report of Independent Auditors

To the Board of Directors and Stockholder of
BBVA Securities Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of BBVA Securities Inc. ("the Company") at December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



February 27, 2006

BBVA Securities Inc.
Statement of Financial Condition
December 31, 2005

Assets

Cash	\$ 1,047,218
Cash segregated in compliance with Federal regulations	500,000
Securities purchased under agreements to resell	23,800,000
Short-term investment	503,125
Securities owned, at fair value	9,968,083
Receivable from customers	842,602
Receivable from brokers, dealers and clearing organizations	1,570,754
Deposits with clearing organizations	293,592
Receivable from affiliates	709,624
Office furniture, equipment and leasehold improvements, at cost less accumulated depreciation and amortization	1,831,782
Other assets	285,143
Total assets	<u>\$ 41,351,923</u>

Liabilities and Stockholder's Equity

Liabilities	
Payable to customers	\$ 574,202
Accrued liabilities and accounts payable	4,151,369
Total liabilities	<u>4,725,571</u>
Stockholder's Equity:	
Common stock, \$0.01 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10
Additional paid-in capital	69,164,798
Accumulated deficit	(32,538,456)
Total stockholder's equity	<u>36,626,352</u>
Total liabilities and stockholder's equity	<u>\$ 41,351,923</u>

The accompanying notes are an integral part of this statement of financial condition.

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

1. Introduction and Basis of Presentation

BBVA Securities Inc. (the "Company") is a wholly-owned subsidiary of BBVA Securities Holdings, S. A. ("BBVA Holdings"), a Spanish company. BBVA Holdings is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S. A. ("BBVA"), a Spanish financial institution. The Company is a registered broker-dealer in the United States of America under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The Company is engaged in investment banking and institutional sales of emerging markets fixed income securities. For its fixed income sales business, the Company is self-clearing. Until November 2005, the Company was engaged in institutional sales and trading of equity securities. The Company cleared its U.S. equity transactions on a fully disclosed basis through another broker, and self-cleared its non-U.S. equity transactions. As a result of discontinuing the equity business, the Company no longer clears through another broker.

Basis of Financial Information

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the Company to make estimates and assumptions regarding the valuations of certain financial instruments, the outcome of litigation and other matters that affect the financial statements and related disclosures. The Company believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

2. Summary of Significant Accounting Policies

Cash Segregated in Compliance with Federal Regulations

Cash of \$500,000 is segregated in a special reserve bank account for the exclusive benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission ("SEC").

Securities Transactions

Principal transactions, commissions and related expenses are recorded on a trade-date basis as securities transactions occur. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net in the statement of financial condition.

Financial Instruments Used for Trading

Securities owned and securities sold, not yet purchased used in the Company's trading activities are recorded at fair value, and unrealized gains and losses are reflected in principal transactions revenues. Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the Company's financial instruments owned and sold, not yet purchased is based on observable market prices.

Securities Financing Transactions

Securities purchased under agreements to resell and securities sold under agreements to repurchase are collateralized financing transactions. The agreements provide that the transferor will receive substantially the same securities in return at the maturity of the agreement and the transferor obtains from the transferee sufficient cash or collateral to purchase such securities during the term of the agreement. These securities are carried at the amounts at which they will be subsequently resold or repurchased, plus accrued interest.

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

Investment Banking

Investment banking revenues and fees for mergers, acquisitions and advisory assignments are recorded when services for the transactions are determined to be completed, generally as set forth under the terms of the engagement. Transaction-related expenses, primarily consisting of legal, travel and other costs directly associated with the transaction, are deferred to match revenue recognition.

Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated at year-end rates of exchange.

Office Furniture, Equipment and Leasehold Improvements

Office furniture and equipment are depreciated on a straight-line basis over their estimated useful lives, up to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the terms of the related lease.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

3. Securities Purchased Under Agreements to Resell

The amount of securities purchased under agreements to resell reflected in the statement of financial condition represents an overnight tri-party agreement with one counterparty and is accounted for as a collateralized financing transaction carried at contract value. It is the policy of the Company to obtain possession of collateral with fair value equal to or in excess of the principal amount loaned under resale agreements. Collateral is held by a third party and is valued daily. The Company may require counterparties to deposit additional collateral when appropriate. As of December 31, 2005, the Company has received securities with a total fair value of \$23,800,305 related to the resale agreement and all securities received were held at one major financial institution.

4. Short-Term Investment

At December 31, 2005, the Company had a time deposit with BBVA New York Branch totaling \$503,125, which includes accrued interest, maturing in less than three months.

5. Securities Owned, at Fair Value

Securities owned, at fair value consisted of \$9,968,083 of U.S. Government Obligations.

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

6. Receivable from and Payable to Customers

The amounts shown represent the receivable from and payable to customers in connection with securities transactions executed on a RVP/DVP basis. The receivable is collateralized by securities held by the Company and by others for delivery to the Company, the value of which is not reflected in the accompanying statement of financial condition.

7. Receivable from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from brokers, dealers and clearing organizations consisted of the following:

	Receivable
Securities failed to deliver	\$ 15,148
Receivable from clearing organizations	1,172,276
Commissions receivable	383,330
	<u>\$ 1,570,754</u>

8. Office Furniture, Equipment, and Leasehold Improvements, at Cost

At year end, December 31, 2004, the Company's office furniture, equipment and leasehold improvements comprised of the following:

	Cost	Accumulated Depreciation	Net
Leasehold improvements	\$ 2,900,240	\$ (1,214,458)	\$ 1,685,782
Computers and equipment	534,180	(501,072)	33,108
Furniture and fixtures	163,473	(158,056)	5,417
Software	407,853	(301,686)	106,167
Mechanical equipment	800,353	(799,045)	1,308
	<u>\$ 4,806,099</u>	<u>\$ (2,974,317)</u>	<u>\$ 1,831,782</u>

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

9. Related Party Transactions

In the normal course of business, the Company enters into securities transactions with BBVA and other affiliated entities. Amounts related to these activities are included in the accompanying statement of financial condition and statement of operations.

Assets and liabilities with related parties consisted of the following:

Assets	
Cash	\$ 569,962
Short-term investment	503,125
Receivable from customers	574,388
Receivable from brokers, dealers and clearing organizations	1,105,666
Receivables from affiliates	525,828
Other assets	186,922
	<u>\$ 3,465,891</u>
Liabilities	
Payable to customers	<u>\$ 4,492</u>

10. Income Taxes

Deferred income taxes have been provided for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities.

The total deferred tax asset at December 31, 2005 is composed of the following:

Federal net operating loss carryforwards	\$ 9,718,245
NY State net operating loss carryforwards	570,096
Other	13,135
	<u>10,301,476</u>
Valuation allowance	<u>(10,301,476)</u>
Net deferred tax asset	<u>\$ -</u>

As of December 31, 2005, the Company had approximately \$27.7 million of net operating loss carryforwards for future utilization for Federal income tax purposes. The net operating loss carryforwards will begin to expire in 2015. Additionally, the Company had net operating loss carryforwards of approximately \$9.7 million for future utilization for New York State income tax purposes which will begin to expire in 2021. A full valuation allowance has been set up against the net deferred tax asset as management does not believe that it is more likely than not that such benefit will be realized in the future.

11. Subordinated Borrowings

In February of 2005, the Company borrowed \$50,000,000 under a Temporary Subordinated Loan Agreement starting from February 9, 2005 with original maturity date of March 26, 2005. The Agreement was approved by the NASD as a satisfactory subordination agreement. The interest rate on the loan was the average overnight US dollar Libor rate plus 0.4% during the period. On

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

February 14, 2005, upon written approval of the NASD, the Company repaid the entire amount of the borrowing to BBVA.

The subordinated borrowings were available in computing net capital under the SEC's uniform net capital rule. These borrowings were not, however, required for the Company's continued compliance with minimum net capital requirements.

There were no borrowings under subordination agreements at December 31, 2005.

12. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, which requires that the Company maintain net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit items arising from customer transactions, as defined by the Rule. As of December 31, 2005 the Company had net capital of \$31,901,565, which exceeded the minimum requirement of \$250,000 by \$31,651,565.

13. Commitments and Contingencies

The Company leases office space under a noncancelable lease which expires on December 29, 2016.

FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others," requires the disclosures of representations and warranties which the Company enters into which may provide general indemnification to others. In the normal course of business the Company may enter into other legal contracts that contain a variety of these representations and warranties that provide general indemnification. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be against the Company that have not yet occurred. However, based on the Company's experience, the Company does not expect these indemnifications will have a material adverse effect on the Company's financial position or results of operations.

14. Employee Benefit Plans

The Company and certain affiliates have established a cash balance pension plan. A record keeping account for each eligible employee will be credited each year with a percentage of the employee's annual compensation based on tenure. The cash balance pension plan is portable and the vested account balance may be taken by the employee upon termination.

The cash balance is payable as a lump sum or an annuity at the earliest of (a) the member's retirement date, (b) date of death or (c) other termination of employment, whichever is applicable. The benefit is based on annual pay credits, accumulating over time with interest at the rate equal to the 10 year Treasury rate published by the Internal Revenue Service for the November of the preceding year.

BBVA Securities Inc.
Notes to Statement of Financial Condition
December 31, 2005

Additionally, the Company and certain affiliates have established an employee deferred compensation plan, which qualifies under Section 401(k) of the Internal Revenue Code covering all eligible employees.

15. Off-Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Company's activities involve executions and settlements of various securities transactions as principal or agent. These activities may expose the Company to risk in the event counterparties are unable to fulfill contractual obligations. The Company's counterparties include U. S. institutional investors, brokers and dealers, international banks that are members of major regulated exchanges, and affiliates.

The Company records customer securities transactions on a settlement date basis in conformity with the settlement cycle of the respective countries. The Company is therefore exposed to off-balance sheet risk of loss on unsettled transactions in the event customers and other counterparties are unable to fulfill contractual obligations.

The Company's agreement with its clearing brokers provides that the Company assumes customer obligations in the event of non-performance.

The Company trades primarily emerging markets securities. Risks associated with emerging markets securities, attributable to political, social or economic factors, may affect the fair value of the emerging markets securities and the income generated by these activities.

For transactions in which the Company extends credit to others, the Company seeks to control the risks associated with these activities by requiring the counterparty to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels and, pursuant to such guidelines, request counterparties to deposit additional collateral, or reduce securities positions when necessary.

16. Fair Value of Financial Instruments

SFAS No. 107, "*Disclosures about Fair Value of Financial Instruments*," requires that all entities disclose the fair value of financial instruments, as defined, for both assets and liabilities recognized and not recognized in the statement of financial condition. All of the Company's financial instruments, as defined, which are recognized in the statement of financial condition, are carried at, or approximate, fair value.

* * * * *